

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name EXETER TOWNSHIP	County MONROE
Fiscal Year End 03/31/06	Opinion Date 08/22/06	Date Audit Report Submitted to State 9/15/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 		Printed Name PETER H. CARLTON	License Number 1101009575

EXETER TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

March 31, 2006

EXETER TOWNSHIP

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Independent Auditor's Report

Township Board
Exeter Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Exeter Township, Monroe County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Exeter Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Exeter Township, Monroe County, Michigan as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 30 through 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Exeter Township, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 22, 2006

EXETER TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

This section of the Exeter Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, and the Capital Projects Fund.

The Governmental Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Exeter Township financially as a whole. The ***Government-Wide Financial Statements***, which include the statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds – the General Fund, the Library Fund, the Fire Fund, the Water #1 Debt Fund, the Water #2 Debt Fund, and the Water Development Fund. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

EXETER TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 9-10) which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, and recreation and culture. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 11-17) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 13 and 16.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

EXETER TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of March 31, 2006 and 2005:

Table 1:

Condensed Statement of Net Assets **March 31, 2006 and 2005**

	Governmental Activities	
	2006	2005
Current and other assets	\$2,763,401	\$2,757,409
Investment in joint ventures	19,244	18,209
Capital assets, net	<u>2,897,548</u>	<u>2,945,424</u>
Total Assets	<u>5,680,193</u>	<u>5,721,042</u>
Current and other liabilities	77,999	65,314
Long-term liabilities	<u>1,870,060</u>	<u>2,008,350</u>
Total Liabilities	<u>1,948,059</u>	<u>2,073,664</u>
Net Assets		
Invested in capital assets, net of related debt	1,027,488	951,559
Restricted	2,449,976	2,372,866
Unrestricted	<u>254,670</u>	<u>322,953</u>
Total Net Assets	<u>\$3,732,134</u>	<u>\$3,647,378</u>

As depicted in Table 1, the Township's net assets were \$3,732,134 at March 31, 2006. Of this amount, a positive \$254,670 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future growth and uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund and the Water Development Fund have a significant impact on the change in unrestricted net assets from year to year.

EXETER TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net assets for the calendar year ended March 31, 2006 and 2005.

Governmental-Wide Financial Analysis - Concluded

Table 2:

Changes in Net Assets Years Ended March 31, 2006 and 2005

	Governmental Activities	
	2006	2005
Revenues		
Program revenues:		
Charges for services	\$368,696	\$307,034
Capital grants	<u>76,543</u>	<u>154,676</u>
	445,239	461,710
General revenues:		
Property taxes	105,703	95,014
State grants	220,223	224,164
Interest income	121,811	101,390
Other general revenues	<u>10,461</u>	<u>14,505</u>
	<u>458,198</u>	<u>435,073</u>
Total Revenues	903,437	896,783
Functions/Program Expenses		
Legislative	44,506	47,908
General government	207,762	215,579
Public safety	217,481	230,348
Public works	248,834	184,993
Recreation and culture	2,084	3,471
Interest on long-term debt	<u>98,014</u>	<u>97,392</u>
Total Expenses	<u>818,681</u>	<u>779,691</u>
Increase (Decrease) in Net Assets	<u>\$ 84,756</u>	<u>\$117,092</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$818,681. Of this amount, \$445,239 was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township's governmental activities experienced an increase in net assets of \$84,756. A reconciliation of the change in fund balances to the change in net assets appears on page 16.

EXETER TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Exeter Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1,644,649, which is an increase of \$115,084 from last year. The changes by fund types are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund balances – Beginning of year	\$323,469	\$38,732	\$748,990	\$418,374	\$1,529,565
Increase (decrease)	<u>(68,799)</u>	<u>34,783</u>	<u>13,891</u>	<u>135,209</u>	<u>115,084</u>
Fund balances – End of year	<u>\$254,670</u>	<u>\$73,515</u>	<u>\$762,881</u>	<u>\$553,583</u>	<u>\$1,644,649</u>

The Township's General Fund revenues decreased by approximately \$65,230 compared to the prior year. The contributions from local units in 2005 represents donated fire equipment of \$112,354. The other revenues remained fairly consistent with the prior year.

	<u>March 31, 2006</u>	<u>March 31, 2005</u>	<u>Percent Change</u>
Revenues			
Property taxes and special assessments	\$107,575	\$ 96,886	11.03%
Licenses and permits	195,385	159,795	22.27%
State grants	220,223	231,994	(5.07)%
Charges for services	35,508	27,421	29.49%
Local contributions	-	112,354	(100.00)%
Interest	10,488	2,915	259.79%
Other	<u>10,461</u>	<u>13,505</u>	(22.53)%
Total revenues	<u>\$579,640</u>	<u>\$644,870</u>	(10.12)%

The Township's expenditures decreased \$77,624 compared to the prior year. The most significant expenditure decrease was in public safety, the public safety expenditures of \$291,656 in 2005 included a capital outlay expenditure for \$112,354 of donated fire equipment. The Township transferred \$29,000 to the Fire Fund in 2006.

EXETER TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

Fund Financial Analysis – Concluded

	March 31, 2006	March 31, 2005	Percent Change
Expenditures			
Legislative	\$ 43,226	\$ 46,879	(7.79)%
General government	162,691	177,382	(8.28)%
Public safety	178,300	291,656	(38.87)%
Public works	183,628	155,184	18.33%
Recreation and culture	500	500	0%
Other	48,493	51,936	(6.63)%
Operating transfers out	<u>31,601</u>	<u>2,526</u>	1,151.03%
Total Expenditures	<u>\$648,439</u>	<u>\$726,063</u>	(10.69)%

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget prior to April 1, the start of the fiscal year. Over the course of the year, the Township is allowed to revise its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

Revenues - Although no revisions were made to the revenue budget of \$493,000, several factors impact the planning of it. At March 31, 2006, state-shared revenue accounted for 38% of the total actual yearly revenue, license and permits accounted for 34%, and property taxes accounted for 19%.

Expenditures - The total expenditure budget of \$693,000 was not adjusted, however several changes were made between various departments. The larger increases were to the Township board (\$8,500), highways (\$26,000) and transfers out (\$29,052). Most of these increases were offset by a reduction in contingency (\$63,352). General government accounted for 25% of the total expenditures, public safety accounted for 27%, and public works accounted for 28%.

EXETER TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Capital Asset and Debt Administration

Capital Assets

At March 31, 2006, the Township had \$3,824,059 invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, vehicles, and water lines. This amount represents a net increase (including additions and disposals) of approximately \$77,626 from last year. This year's additions included \$77,626 in fire equipment. Depreciation for this year totaled \$125,502. Details regarding capital assets are included in Note 7 to the financial statements.

Debt

At March 31, 2006, the Township had the water contract liabilities totaling \$1,742,737. The Township has levied special assessments on the residents receiving water service. The Township also has a note payable for a fire pumper truck of \$127,323 which is paid out of General Fund revenues. Detailed information regarding debt is included in Note 8 to the financial statements.

Development of the 2007 Fiscal Year Budget

Our elected officials consider many factors when setting the Township's 2007 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to important factors affecting the budget, such as State budget constraints decreasing revenue sharing. In 2006-2007 the Township's General Fund budget anticipates revenues of \$536,872 and expenditures of \$668,073 which means that it will use up \$131,201 of its carryover fund balance.

Contacting Exeter Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Exeter Township Clerk, 6158 Scofield Road, Maybee, MI 48159.

EXETER TOWNSHIP*Statement of Net Assets
March 31, 2006*

	Governmental Activities
Assets	
Cash and cash with fiscal agent	\$1,391,758
Certificate of deposit	84,075
Prepaid expense	6,187
Receivables:	
Accounts	49,847
Special assessments	1,194,376
Taxes	34,077
Due from other governmental units	3,081
Investment in joint venture:	
London-Maybee-Raisinville-Exeter Library	19,244
Depreciable capital assets, net	2,897,548
Total Assets	5,680,193
Liabilities	
Accounts payable	27,181
Accrued interest payable	45,818
Performance bonds	5,000
Long-term liabilities:	
Due within one year	138,289
Due in more than one year	1,731,771
Total Liabilities	1,948,059
Net Assets	
Invested in capital assets, net of related debt	1,027,488
Restricted for:	
Fire protection	52,450
Debt service	1,824,699
Water projects	553,583
Library	19,244
Unrestricted	254,670
Total Net Assets	\$3,732,134

See accompanying notes to the basic financial statements.

EXETER TOWNSHIP

Statement of Activities
Year Ended March 31, 2006

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
		Charges	Grants and	Grants and	Changes in
	Expenses	for Services	Contributions	Contributions	Net Assets
Functions/Programs					Governmental
					Activities
Governmental Activities:					
Legislative	\$44,506	\$0	\$0	\$0	(\$44,506)
General government	207,762	35,508	0	0	(172,254)
Public safety	217,481	59,453	0	66,975	(91,053)
Public works	248,834	273,735	0	9,568	34,469
Recreation and culture	2,084	0	0	0	(2,084)
Interest on long-term debt	98,014	0	0	0	(98,014)
Total Governmental Activities	<u>\$818,681</u>	<u>\$368,696</u>	<u>\$0</u>	<u>\$76,543</u>	(373,442)
General Revenues:					
Property taxes					105,703
State grants					220,223
Interest and penalties					121,811
Other					10,461
Total General Revenues					<u>458,198</u>
Change in Net Assets					84,756
Net Assets - Beginning of year, as restated					<u>3,647,378</u>
Net Assets - End of year					<u>\$3,732,134</u>

See accompanying notes to the basic financial statements.

EXETER TOWNSHIP

Governmental Funds Balance Sheet March 31, 2006

	Special Revenue Funds		
	General	Library	Fire
Assets			
Cash and cash with fiscal agent	\$142,093	\$15,547	\$52,907
Certificate of deposit	84,075	10,307	0
Prepaid expense	6,187	0	0
Receivables:			
Accounts	42,798	401	0
Special assessment	0	0	0
Taxes	11,411	0	0
Escrow deposits	890	0	0
Due from other funds	0	0	0
Due from other governmental units	3,081	0	0
Total Assets	<u>\$290,535</u>	<u>\$26,255</u>	<u>\$52,907</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$27,181	\$0	\$0
Due to other funds	3,684	0	0
Performance bonds	5,000	0	0
Deferred revenue	0	5,647	0
Total Liabilities	35,865	5,647	0
Fund Balances			
Reserved for debt service	0	0	0
Reserved for water projects	0	0	0
Unreserved - reported in:			
General Fund	254,670	0	0
Special Revenue Funds	0	20,608	52,907
Total Fund Balances	<u>254,670</u>	<u>20,608</u>	<u>52,907</u>
Total Liabilities and Fund Balances	<u>\$290,535</u>	<u>\$26,255</u>	<u>\$52,907</u>

See accompanying notes to the basic financial statements.

Debt Service Funds		Capital Projects Fund	
Water #1	Water #2	Water Development	Total Governmental Funds
\$30,014	\$619,320	\$547,424	\$1,407,305
0	0	0	94,382
0	0	0	6,187
0	0	6,159	49,358
24,589	1,169,787	0	1,194,376
1,213	21,453	0	34,077
0	0	0	890
0	3,684	0	3,684
0	0	0	3,081
<u>\$55,816</u>	<u>\$1,814,244</u>	<u>\$553,583</u>	<u>\$2,793,340</u>
\$0	\$0	\$0	\$27,181
0	0	0	3,684
0	0	0	5,000
22,130	1,085,049	0	1,112,826
22,130	1,085,049	0	1,148,691
33,686	729,195	0	762,881
0	0	553,583	553,583
0	0	0	254,670
0	0	0	73,515
<u>33,686</u>	<u>729,195</u>	<u>553,583</u>	<u>1,644,649</u>
<u>\$55,816</u>	<u>\$1,814,244</u>	<u>\$553,583</u>	<u>\$2,793,340</u>

EXETER TOWNSHIP

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2006*

Total Fund Balances - Governmental Funds		\$1,644,649
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$3,824,059	
Accumulated depreciation	<u>(926,511)</u>	
		2,897,548
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred revenue in the funds.		1,112,826
Adjustment to investment in London-Maybee-Raisinville-Exeter Library joint venture to reflect Exeter Township's 25% equity, the total activity of the library was reported in the funds		(7,011)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest	(45,818)	
Loan payable	(127,323)	
Bonds payable	<u>(1,742,737)</u>	
		<u>(1,915,878)</u>
Total Net Assets - Governmental Activities		<u>\$3,732,134</u>

See accompanying notes to the basic financial statements.

EXETER TOWNSHIP

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended March 31, 2006

	Special Revenue Funds		
	General	Library	Fire
Revenues			
Property taxes and special assessments	\$107,575	\$0	\$0
Licenses and permits	195,385	0	0
State grants	220,223	0	66,975
Charges for services	35,508	0	0
Local contributions	0	7,803	0
Interest income	10,488	413	80
Other revenue	10,461	2,033	0
Total Revenues	579,640	10,249	67,055
Expenditures			
Legislative	43,226	0	0
General government	162,691	0	0
Public safety	178,300	0	0
Public works	183,628	0	0
Recreation and culture	500	7,137	0
Other	48,493	0	66,985
Debt service	0	0	0
Total Expenditures	616,838	7,137	66,985
Excess (Deficiency) of Revenues Over Expenditures	(37,198)	3,112	70
Other Financing Sources (Uses)			
Operating transfers in	0	2,601	29,000
Operating transfers out	(31,601)	0	0
Total Other Financing Sources (Uses)	(31,601)	2,601	29,000
Net Change in Fund Balances	(68,799)	5,713	29,070
Fund Balances - Beginning of year	323,469	14,895	23,837
Fund Balances - End of year	<u>\$254,670</u>	<u>\$20,608</u>	<u>\$52,907</u>

See accompanying notes to the basic financial statements.

Debt Service Funds		Capital Projects Fund	
Water #1	Water #2	Water Development	Total Governmental Funds
\$2,459	\$126,141	\$0	\$236,175
0	0	135,931	331,316
0	0	0	287,198
0	0	0	35,508
0	0	0	7,803
2,637	94,408	14,198	122,224
0	0	0	12,494
5,096	220,549	150,129	1,032,718
0	0	0	43,226
0	0	0	162,691
0	0	0	178,300
0	0	0	183,628
0	0	0	7,637
0	0	14,920	130,398
7,318	204,436	0	211,754
7,318	204,436	14,920	917,634
(2,222)	16,113	135,209	115,084
0	0	0	31,601
0	0	0	(31,601)
0	0	0	0
(2,222)	16,113	135,209	115,084
35,908	713,082	418,374	1,529,565
<u>\$33,686</u>	<u>\$729,195</u>	<u>\$553,583</u>	<u>\$1,644,649</u>

EXETER TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended March 31, 2006*

Net Change in Fund Balances - Total Governmental Funds		\$115,084
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:		
Depreciation expense	(\$125,502)	
Capital outlay	<u>77,626</u>	
		(47,876)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		2,986
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(119,032)
Adjustment to change in London-Maybee-Raisinville-Exeter Library joint venture equity interest to reflect Exeter Township's 25% equity, the total activity of the library was reported in the funds		(4,696)
Repayments of long term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		<u>138,290</u>
Change in Net Assets of Governmental Activities		<u><u>\$84,756</u></u>

See accompanying notes to the basic financial statements.

EXETER TOWNSHIP

Agency Funds
Statement of Fiduciary Net Assets
March 31, 2006

	Tax Collection
Assets	
Cash	\$3,665
Total Assets	\$3,665
Liabilities	
Due to other governmental units	\$3,665
Due to taxing units	0
Total Liabilities	\$3,665

See accompanying notes to the basic financial statements.

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety (fire), highways and streets, recreation and culture, public improvements, planning and zoning, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

The following entity is not included herein as it operates as an autonomous unit:

London-Maybee-Raisinville-Exeter Library - This is a joint library supported by London, Raisinville, and Exeter Townships and the Village of Maybee to provide a library for these four governmental units. This library is audited as a part of the Exeter Township audit.

Note 2 Summary of Significant Accounting Policies

The financial statements of Exeter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

EXETER TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Library Fund accounts for monies collected from several municipalities to operate the Maybee library facility.

The Fire Fund accounts for funds from a voted tax levy to be used for fire protection.

The Water #1 Debt Fund accounts for payment of bond principal and interest on a 1997 bond issue from special assessment levies.

The Water #2 Debt Fund accounts for payment of bond principal and interest on a 2000 bond issue from special assessment levies.

The Water Development Fund accounts for monies collected from Stoneco, Inc., to be used for water projects.

EXETER TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Fund Financial Statements (Concluded)

The Township does not have any nonmajor governmental funds.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Cash with Fiscal Agent

This consists of cash and certificates of deposit held by the County of Monroe in its debt retirement accounts for payment of maturing bond principal and interest on debt that it has incurred pursuant to contracting with London Township to acquire and construct water supply system improvements and facilities under Act 342, P.A. of 1948, as amended.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent September 14, and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond March 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of \$2,000 and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and buildings improvements	10-50 years
Vehicles	8 years
Machinery and equipment	5 - 7 years
Water lines	50 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2

Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to March 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
 2. A public hearing is conducted during March to obtain taxpayer comments.
 3. Prior to March 31, the budget is legally enacted through passage of a resolution.
 4. During the year, the budget is monitored and amendments to the budget are made when deemed necessary.
 5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
 6. Lapsing of Appropriations - At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.
- G. Restatements - Beginning net assets of governmental activities were increased by \$1,226,211 to properly reflect the effect of the long-term receivable from the water district special assessments.

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

For the year ended March 31, 2006, expenditures exceeded final budgeted amounts in the following fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Water #1 Debt Fund	\$7,200	\$7,318	\$(118)

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2006, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 4 Deposits (Concluded)

The Board has adopted an investment policy authorizing certain types of investments and authorized three depositories: Republic Bank, Fifth Third Bank and National City Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$1,348,311 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$184,075, with uninsured deposits of \$1,164,236. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

Note 5 Interfund Payables and Receivables

Such balances at March 31, 2006 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Water #2 Debt	\$ -	\$3,684
Water #2 Debt Fund:		
General Fund	<u>3,684</u>	<u>-</u>
Total	<u>\$3,684</u>	<u>\$3,684</u>

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 6 Interfund Transfers

Interfund transfers for the year ended March 31, 2006, consisted of the following:

	<u>Transfers Out</u> <u>General Fund</u>
<u>Transfers In:</u>	
Library Fund	\$ 2,601
Fire Fund	<u>29,000</u>
	<u>\$31,601</u>

The transfer from the General Fund to the Library Fund represents the Township's share of the library's annual budget, and the transfer from the General Fund to the Fire Fund represents monies set aside for future fire department expenditures.

Note 7 Capital Assets

Capital asset activity for the fiscal year ended March 31, 2006, was as follows:

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2006</u>
Governmental Activities:				
Assets not being depreciated:				
Land	\$23,846	\$0	\$0	\$23,846
Capital assets being depreciated:				
Building and building improvements	746,407	0	0	746,407
Vehicles	484,040	0	0	484,040
Machinery and equipment	238,891	77,626	0	316,517
Water lines	<u>2,253,249</u>	<u>0</u>	<u>0</u>	<u>2,253,249</u>
Total capital assets	3,746,433	77,626	0	3,824,059
Less accumulated depreciation for:				
Building and building improvements	(124,909)	(16,202)	0	(141,111)
Vehicles	(320,648)	(30,901)	0	(351,549)
Machinery and equipment	(83,613)	(33,333)	0	(116,946)
Water lines	<u>(271,839)</u>	<u>(45,066)</u>	<u>0</u>	<u>(316,905)</u>
Total accumulated depreciation	<u>(801,009)</u>	<u>(125,502)</u>	<u>0</u>	<u>(926,511)</u>
Net capital assets	<u>\$2,945,424</u>	<u>(\$47,876)</u>	<u>\$0</u>	<u>\$2,897,548</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,746
Public safety	69,470
Public works	<u>50,286</u>
Total governmental activities	<u>\$125,502</u>

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 8

Long-Term Debt

The following is a summary of long-term debt outstanding as of March 31, 2006:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
Contract liability for:					
General Obligation					
Limited Tax Water	5.0%-		11/1/97-		
Supply System Bonds	7.5%	04/01/97	05/1/16	\$ 86,439	\$ 49,467
(Maybe/Raisinville Exeter/London)Series 1997					
General Obligation					
Limited Tax Water	5.0%-		04/01/02		
Supply System Bonds	7.5%	06/01/00	04/01/20	2,143,558	1,693,270
(Townships of Exeter and Raisinville System No. 1) -Series 2000					
Loan Payable:					
Pumper Truck	4.25%	04/02/02	04/02/02		
			03/01/12	<u>212,206</u>	<u>127,323</u>
				<u>\$2,442,203</u>	<u>\$1,870,060</u>

The following is a summary of changes in long-term debt::

	<u>Balance 3/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 3/31/06</u>	<u>Due In One Year</u>
General Obligation					
Limited Tax Water Supply					
System Bonds (Maybe/ Raisinville/Exeter/London)					
-Series 1997	\$ 53,964	\$ -	\$ 4,497	\$ 49,467	\$ 4,497
General Obligation					
Limited Tax Water Supply					
System Bonds (Townships of Exeter and Raisinville System No. 1)-					
Series 2000	1,805,842	-	112,572	1,693,270	112,572
2002 Pumper Truck	<u>148,544</u>	<u>-</u>	<u>21,221</u>	<u>127,323</u>	<u>21,220</u>
	<u>\$2,008,350</u>	<u>\$ -</u>	<u>\$138,290</u>	<u>\$1,870,060</u>	<u>\$138,289</u>

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 8 Long-Term Debt (Continued)

The following are the repayment schedules of the March 31, 2006 balances:

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Maybe/Raisinville/Exeter/London) - Series 1997 - original issue of \$2,595,000, with the Township's share set at 3.331%, equaling \$86,439. The bonds were issued April 1, 1997 by the County of Monroe.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Total Principal and Interest Due Annually</u>
	<u>May 1</u>	<u>May 1</u>	<u>Nov. 1</u>	
2007	\$ 4,497	\$1,341	\$1,224	\$ 7,062
2008	4,497	1,224	1,106	6,827
2009	4,497	1,106	987	6,590
2010	4,497	987	866	6,350
2011	4,497	866	742	6,105
2012	4,497	742	618	5,857
2013	4,497	618	495	5,610
2014	4,497	495	371	5,363
2015	4,497	371	247	5,115
2016	4,497	247	124	4,868
2017	4,497	124	-	4,621
	<u>\$49,467</u>	<u>\$8,121</u>	<u>\$6,780</u>	<u>\$64,368</u>

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Townships of Exeter and Raisinville System No. 1, Series 2000 - Original issue of \$2,285,000, with the Township's share set at 93.81%, equaling \$2,143,558. The bonds were issued June 1, 2000 by the County of Monroe.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Total Principal and Interest Due Annually</u>
	<u>April 1</u>	<u>April 1</u>	<u>Oct. 1</u>	
2007	\$ 112,572	\$ 44,243	\$ 41,429	\$ 198,244
2008	112,572	41,429	38,615	192,616
2009	112,572	38,615	35,800	186,987
2010	112,572	35,800	32,986	181,358
2011	112,572	32,986	30,172	175,730
2012	112,572	30,172	27,287	170,031
2013	112,572	27,287	24,332	164,191
2014	112,572	24,332	21,377	158,281
2015	112,572	21,377	18,422	152,371
2016	112,572	18,422	15,439	146,433
2017	112,572	15,439	12,427	140,438
2018	112,572	12,427	9,388	134,387
2019	112,572	9,388	6,320	128,280
2020	112,572	6,320	3,225	122,117
2021	117,262	3,225	-	120,487
	<u>\$1,693,270</u>	<u>\$361,462</u>	<u>\$317,219</u>	<u>\$ 2,371,951</u>

EXETER TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 8

Long-Term Debt (Concluded)

2002 Rosenbauer Commander 3000 Pumper Truck - The Township entered into a contract on April 2, 2002 to purchase a fire truck through Central States Fire Apparatus, LLC for \$232,206. The Township is financing the purchase through an installment agreement with Monroe Bank & Trust. The terms of the agreement called for a down payment of \$20,000 with the balance to be financed over ten years with annual principal payments of \$21,221 plus interest at a rate of 4.25%.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
03/01/07	\$ 21,220	\$ 5,486	\$ 26,706
03/01/08	21,221	4,585	25,806
03/01/09	21,220	3,658	24,878
03/01/10	21,221	2,743	23,964
03/01/11	21,220	1,829	23,049
03/01/12	<u>21,221</u>	<u>917</u>	<u>22,138</u>
	<u>\$127,323</u>	<u>\$19,218</u>	<u>\$146,541</u>

The annual requirements to pay principal and interest on the long-term debt at March 31, 2006 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 138,289	\$ 93,723	\$ 232,012
2008	138,290	86,959	225,249
2009	138,289	80,166	218,455
2010	138,290	73,382	211,672
2011	138,289	66,595	204,884
2012-2016	606,566	233,692	840,258
2017-2021	<u>572,047</u>	<u>78,283</u>	<u>650,330</u>
	<u>\$1,870,060</u>	<u>\$712,800</u>	<u>\$2,582,860</u>

Note 9

Property Tax

The Township bills and collects its own property tax and also taxes for the County of Monroe, State of Michigan, Airport Community Schools, Monroe Public Schools, Dundee Community Schools, Milan Area Schools, Monroe County Community College, Monroe Intermediate School District, and Washtenaw Intermediate School District. The Township levied 0.8859 mills for general operating for the 2005-2006 fiscal year on December 1, 2005 on assessed valuation as of December 31, 2004. The taxes are due and payable by February 14, 2006. Taxable values which amounted to \$119,321,700 represent a percentage of the fair market value of the assessed properties on December 31, 2004.

For the year ended March 31, 2006, the Township billed and retained \$30,065 as administrative fees for the above tax collection.

EXETER TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2006*

Note 10 Employee Pension Plan

The Township provides pension benefits for all employees earning more than \$500 annually through a defined contribution plan. The Plan is through The Travelers Insurance Company and the USG Annuity and Life Company and is administered by Municipal Retirement Systems, Inc. The Plan became effective July 1, 1991. The Township contributes 7.5% of the employees' wages to the Plan. The Township's contributions are 100% vested immediately.

The cost for the current fiscal year services was \$6,882 plus an administrative fee of \$180. The covered payroll for the year was \$91,762 out of total payroll of \$190,326.

Note 11 Compensated Absences

The Township does not have a policy of providing employees with vacation or sick pay.

Note 12 Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending March 31, 2006, of \$55,022 did not exceed the related costs and administrative overhead.

Note 13 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 14 Related Party Transactions

As indicated in Note 1, the Township is involved in a joint venture. During the year, the Township contributed the following:

London-Maybee-Raisinville-Exeter Library

\$2,601

The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating government in the near future.

EXETER TOWNSHIP

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Taxes and special assessments:				
Taxes	\$99,000	\$99,000	\$105,703	\$6,703
Scofield light assessment	1,800	1,800	1,872	72
	100,800	100,800	107,575	6,775
Licenses and Permits:				
Business	101,000	101,000	135,932	34,932
Non-business	30,000	30,000	59,453	29,453
	131,000	131,000	195,385	64,385
State grants:				
State shared revenue	220,000	220,000	220,223	223
Charges for Services	32,500	32,500	35,508	3,008
Interest income	2,500	2,500	10,488	7,988
Other revenue	6,200	6,200	10,461	4,261
Total Revenues	493,000	493,000	579,640	86,640
Expenditures				
Legislative:				
Township board	36,300	44,800	43,226	1,574
General Government:				
Supervisor	20,344	20,344	19,844	500
Trustee	10,422	10,422	10,091	331
Elections	2,000	2,000	48	1,952
Assessor	30,780	30,980	26,532	4,448
Attorney	15,000	15,000	11,425	3,575
Clerk	20,020	20,020	19,611	409
Board of review	1,700	1,700	1,313	387
Treasurer	22,020	22,020	21,875	145
Township buildings and grounds	45,700	43,700	41,152	2,548
Audit	10,000	10,800	10,800	0
	177,986	176,986	162,691	14,295

EXETER TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Expenditures (Concluded)				
Public safety:				
Fire department	\$139,060	\$139,060	\$127,259	\$11,801
Ordinance enforcement	8,700	8,700	9,454	(754)
Building inspection	33,000	33,000	35,535	(2,535)
Zoning and planning board	6,740	6,740	6,052	688
	<u>187,500</u>	<u>187,500</u>	<u>178,300</u>	<u>9,200</u>
Public works:				
Drains at large	5,000	5,000	165	4,835
Highways	153,239	179,239	180,281	(1,042)
Street lights	3,125	3,125	3,182	(57)
	<u>161,364</u>	<u>187,364</u>	<u>183,628</u>	<u>3,736</u>
Recreation and culture:				
Recreation	1,500	1,500	500	1,000
Other:				
Insurance and bonds	34,000	34,800	32,862	1,938
Payroll taxes	6,500	6,500	8,749	(2,249)
Pension	8,000	8,000	6,882	1,118
Capital outlay	7,000	7,000	0	7,000
Miscellaneous	300	300	0	300
Contingency	70,000	6,648	0	6,648
	<u>125,800</u>	<u>63,248</u>	<u>48,493</u>	<u>14,755</u>
Total Expenditures	<u>690,450</u>	<u>661,398</u>	<u>616,838</u>	<u>44,560</u>
Excess (Deficiency) of Revenues Over Expenditures	(197,450)	(168,398)	(37,198)	131,200
Other Financing Sources (Uses)				
Operating transfers out	<u>(2,550)</u>	<u>(31,602)</u>	<u>(31,601)</u>	<u>1</u>
Net Change in Fund Balance	(200,000)	(200,000)	(68,799)	131,201
Fund Balance - Beginning of year	<u>323,469</u>	<u>323,469</u>	<u>323,469</u>	<u>0</u>
Fund Balance - End of year	<u>\$123,469</u>	<u>\$123,469</u>	<u>\$254,670</u>	<u>\$131,201</u>

EXETER TOWNSHIP

Library Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local contributions:				
Village of Maybee	\$2,601	\$2,601	\$2,601	\$0
London Township	2,601	2,601	2,601	0
Raisinville Township	2,602	2,602	2,601	(1)
	<u>7,804</u>	<u>7,804</u>	<u>7,803</u>	<u>(1)</u>
Interest income	0	0	413	413
Other revenue	<u>0</u>	<u>0</u>	<u>2,033</u>	<u>2,033</u>
Total Revenues	7,804	7,804	10,249	2,445
Expenditures				
Recreation and culture:				
Library	<u>10,405</u>	<u>10,405</u>	<u>7,137</u>	<u>3,268</u>
Total Expenditures	<u>10,405</u>	<u>10,405</u>	<u>7,137</u>	<u>3,268</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,601)	(2,601)	3,112	5,713
Other Financing Sources (Uses)				
Operating transfers in	<u>2,601</u>	<u>2,601</u>	<u>2,601</u>	<u>0</u>
Net Change in Fund Balance	0	0	5,713	5,713
Fund Balance - Beginning of year	<u>14,895</u>	<u>14,895</u>	<u>14,895</u>	<u>0</u>
Fund Balance - End of year	<u>\$14,895</u>	<u>\$14,895</u>	<u>\$20,608</u>	<u>\$5,713</u>

EXETER TOWNSHIP*Fire Fund*

*Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State grants	\$66,000	\$66,000	\$66,975	\$975
Charges for services	1,000	1,000	0	(1,000)
Interest income	50	50	80	30
Total Revenues	67,050	67,050	67,055	5
Expenditures				
Capital outlay	66,000	66,000	66,975	(975)
Other	30,050	30,050	10	30,040
Total Expenditures	96,050	96,050	66,985	29,065
Excess (Deficiency) of Revenues Over Expenditures	(29,000)	(29,000)	70	29,070
Other Financing Sources (Uses)				
Operating transfers in	29,000	29,000	29,000	0
Net Change in Fund Balance	0	0	29,070	29,070
Fund Balance - Beginning of year	23,837	23,837	23,837	0
Fund Balance - End of year	<u>\$23,837</u>	<u>\$23,837</u>	<u>\$52,907</u>	<u>\$29,070</u>

EXETER TOWNSHIP

Water #1 Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$2,459	\$2,459	\$2,459	\$0
Interest income	1,935	1,935	2,637	702
Total Revenues	4,394	4,394	5,096	702
Expenditures				
Debt Service:				
Bond principal	4,500	4,500	4,500	0
Bond interest and fees	2,700	2,700	2,818	(118)
Total Expenditures	7,200	7,200	7,318	(118)
Net Change in Fund Balance	(2,806)	(2,806)	(2,222)	584
Fund Balance - Beginning of year	35,908	35,908	35,908	0
Fund Balance - End of year	<u>\$33,102</u>	<u>\$33,102</u>	<u>\$33,686</u>	<u>\$584</u>

EXETER TOWNSHIP

Water #2 Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$87,998	\$87,998	\$126,141	\$38,143
Interest income	85,340	85,340	94,408	9,068
Total Revenues	173,338	173,338	220,549	47,211
Expenditures				
Debt Service:				
Bond principal	112,572	112,572	112,572	0
Bond interest and fees	92,428	92,428	91,864	564
Total Expenditures	205,000	205,000	204,436	564
Net Change in Fund Balance	(31,662)	(31,662)	16,113	47,775
Fund Balance - Beginning of year	713,082	713,082	713,082	0
Fund Balance - End of year	<u>\$681,420</u>	<u>\$681,420</u>	<u>\$729,195</u>	<u>\$47,775</u>

EXETER TOWNSHIP

Water Development Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Revenues				
Licenses and permits:				
Stoneco tonnage fees	\$100,000	\$100,000	\$135,931	\$35,931
Interest income	2,200	2,200	14,198	11,998
Total Revenues	102,200	102,200	150,129	47,929
Expenditures				
Capital projects :				
Water projects	0	18,000	14,920	3,080
Net Change in Fund Balance	102,200	84,200	135,209	51,009
Fund Balance - Beginning of year	418,374	418,374	418,374	0
Fund Balance - End of year	<u>\$520,574</u>	<u>\$502,574</u>	<u>\$553,583</u>	<u>\$51,009</u>

EXETER TOWNSHIP

Tax Collection Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended March 31, 2006

	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
Assets				
Cash	\$616	\$2,953,885	\$2,950,836	\$3,665
Liabilities				
Due to other governmental units	\$616	2,680,554	2,677,505	\$3,665
Due to taxing units	0	273,331	273,331	0
Total Liabilities	\$616	\$2,953,885	\$2,950,836	\$3,665



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Township Board
Exeter Township
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the general purpose financial statements of the Exeter Township for the fiscal year ended March 31, 2006 was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. During the course of our audit, we encountered matters which we set forth herein for your review. Our comments have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore, do not encompass all matters that might result from special studies directed toward such matters.

Expenditures

The Township has paid a vendor from monthly statements. A vendor statement does not have any detail of what was purchased from the vendor. The Township should only pay vendors from original invoices to ensure that they are paying the correct amount.

Water Development Fund

Effective January 1, 2001, the Township began collecting an additional fee from Stoneco, Inc. to help fund water project needs. These fees are being tracked in the new Water Development Fund. As of March 31, 2006, the Township had accumulated \$553,583.

If you have any questions regarding the audit report or this letter, please contact us. We are available to meet with you at your convenience. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Very truly yours,

August 22, 2006